

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 SS-15 L-03 SP-02 TRSE-00

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R 302200Z MAY 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5348

INFO USMISSION OECD PARIS

C O N F I D E N T I A L LIMA 4432

E.O. 11652: GDS

TAGS: ENRG, PE

SUBJECT: U.S. INITIATIVE TO RESUME PRODUCER/CONSUMER  
DIALOGUE

REF: STATE 124719

1. DRAWING ON REFTEL, EMBASSY OFFICER GAVE WALTER STUBBS, SECOND-RANKING ECONOMIC OFFICER IN FOREIGN MINISTRY COPIES OF BOTH OF SECRETARY KISSINGER'S SPEECHES, AND PRESENTED MAJOR POINTS OUTLINED REFTEL. STUBBS TOLD EMBASSY OFFICER THAT THIS INITIATIVE APPEARED TO BE A SUBSTANTIAL CHANGE IN USG POSITION ON RELATION OF OIL AND RAW MATERIALS WHICH WOULD MERIT TOP-LEVEL ATTENTION OF FOREIGN AND FINANCE MINISTRIES. STUBBS SAID HE COULD NOT COMMENT IMMEDIATELY ON PERUVIAN GOVERNMENT POSITION WHICH WOULD HAVE TO BE COORDINATED AMONG VARIOUS MINISTERS INVOLVED, BUT SAID PERSONALLY THAT HE HOPED THAT THIS INITIATIVE WOULD ENABLE BOTH PRODUCERS AND CONSUMERS TO WORK TOGETHER TO NARROW AREAS OF DIFFERENCE BETWEEN THEM.

2. STUBBS CALLED IN FERNANDO GUILLEN, HEAD OF TRADE POLICY, TO HEAR EMBASSY OFFICER PRESENTATION THIS SUBJECT. GUILLEN COMMENTED IMMEDIATELY THAT WHILE THIS INITIATIVE APPEARED TO BE STEP IN RIGHT DIRECTION, IT SEEMED TO HIM TO INDICATE THAT USG IS MOVING TOWARD IDEA OF COMMODITY STABILIZATION SCHEMES WHICH DO NOT  
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MEET DEMANDS OF LDCE INCLUDING PERU, WHICH ARE SEEKING

"JUST PRICES" RATHER THAN MERE STABILIZATION OF PRICES FOR THEIR RAW MATERIALS PRODUCTS. AS CAVEAT, GUILLEN SAID THAT HIS VIEWS ARE OF COURSE UNOFFICIAL, SINCE GOP HAS NOT AS YET HAD TIME TO STUDY THESE PROPOSALS IN DETAIL.

3. COMMENT: STUBBS, APPARENTLY NOT CONVERSANT WITH DETAILS OF ORIGINAL PREPCOM OR SECRETARY'S PROPOSAL, INDICATED THAT GOP VIEWS SECRETARY'S INITIATIVE AS WORTHY OF STUDY, BUT DID NOT FEEL HE COULD GO BEYOND GENERALITIES IN COMMENTING ON EMBASSY OFFICER'S POINTS. GUILLEN, ON OTHER HAND, WHO IS VERSED IN DETAILS OF THESE PROPOSALS, AND REPRESENT MORE RADICAL FOREIGN MINISTRY VIEWS ON SUCH MATTERS, IMMEDIATELY FOCUSED ON WHAT FROM PERUVIAN POINT OF VIEW WILL PROBABLY BE SEEN AS ESSENTIAL WEAKNESS IN USG RESPONSE, I.E. FAILURE TO ACCEPT PRINCIPLE OF INDEXATION. WHILE STUBBS PROMISED TO FORWARD TO US EVENTUAL GOP RESPONSE FOR SUPPORT OF THIS USG INITIATIVE, WE THINK IT LIKELY THAT GOP, WHILE NOT OPPOSING FURTHER DISCUSSION, WILL HESITATE TO GIVE SUPPORT TO INITIATIVE WHICH, AS GUILLEN INDICATED, DOES NOT ENCOMPASS THE PRINCIPLE OF INDEXATION. AMBASSADOR ALSO PLANS TO RAISE THESE MATTERS THIS EVENING (MAY 30) WITH AMBASSADOR DE LA PUENTE, HEAD OF ECONOMIC AFFAIRS AT FOREIGN MINISTRY, AND WE MAY HAVE FURTHER VIEWS TO REPORT NEXT WEEK.  
DEAN

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